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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

FEBRUARY 2010

The deficit of the central government amounted to HUF 346.8 billion in February. The net balance of transfers from the EAGGF fund of the European Union (EU) worth HUF 101.1 billion decreased the net borrowing requirement. Privatisation revenues amounted to HUF 30.0 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 215.7 billion in February. Net issuance was HUF 454.3 billion; out of which net HUF-denominated issuance was HUF 70.7 billion and net foreign currency denominated issuance was HUF 383.6 billion.

	2009		2010		Change	
HUF billion	December	%	February	%	HUF billion	%
Foreign exchange denominated debt	8,466.7	44.6	8,871.5	45.8	403.0	4.8
Government securities	4,354.0	23.0	4,727.6	24.5	373.6	8.6
Loans	4,112.7	21.7	4,143.9	21.4	29.4	0.7
HUF denominated debt	10,476.2	55.2	10,547.4	53.9	71.2	0.7
Government securities	10,037.5	52.9	10,108.7	51.7	71.2	0.7
Loans	438.7	2.3	438.7	2.3	0.0	0.0
Total	18,942.9	99.9	19,419.0	99.8	474.2	2.5
Other obligations	20.1	0.1	96.4	0.2	76.3	379.6
Total central government debt	18,963.1	100.0	19,515.4	100.0	550.5	2.9
Out of the international loan program was placed in NBH or in commercial banks	1,124.8		1,225.3		100.5	

The HUF denominated debt of the central government increased by HUF 71.2 billion in February (the difference between the total net change and the net issuance was caused by the change in the volume of matured but unclaimed securities). The increase in domestic debt was the result of net government bond issuance of HUF 111.8 billion, while discount Treasury bills decreased by HUF 40.6 billion and the total amount of retail government securities hadn't changed.

The foreign currency debt of the central government increased by HUF 403.0 billion in 2010. The foreign currency bond issue increased the debt by HUF 387.3 billion, redemptions of foreign currency debt worth HUF 3.7 billion decreased and the exchange rate revaluations totalling HUF 19.4 billion increased the Hungarian Forint value of the foreign currency debt in 2010.

Out of the international loan program HUF 1,225.3 billion was placed in the National Bank of Hungary as foreign currency deposits or in commercial banks as loans. The total amount of other liabilities increased by HUF 76.3 billion in 2010.

Secondary market yields decreased on all maturities in February.

Benchmark yields

Maturity	31.12.2009.	29.01.2010.	26.02.2010.	Change, basis points
3-month	6.07	5.80	5.57	-23
6-month	6.08	5.85	5.65	-20
1-year	6.05	5.73	5.57	-16
3-year	7.41	7.04	6.71	-33
5-year	7.59	7.33	7.02	-31
10-year	7.99	7.66	7.51	-15
15-year	7.90	7.64	7.49	-15

Monthly OTC turnover of government securities was 7 % higher in February than a month before and reached HUF 2,518 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 37% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 73.6 billion in February, and amounted to HUF 2,355.0 billion at the end of the month. This volume represented 24.4% of the total amount of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the National Bank of Hungary was 270.19 at the last working day of February.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows at the last working day of February: BBB- (Standard & Poor's); Baa1 (Moody's); BBB (Fitch).

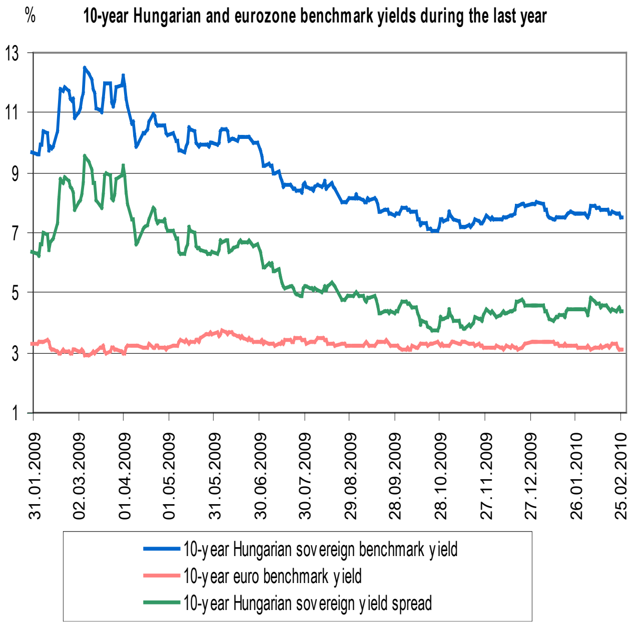
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

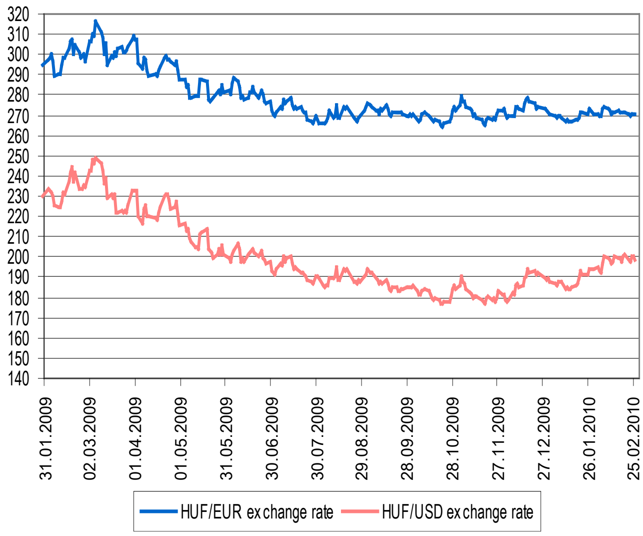
	2004	2005	2006	2007	2008	December 2009	January 2009	February 2010
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,461.9	10,547.4
1.1. Loans	4.7	0.8	356.4	145.7	219.9	438.7	438.7	438.7
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,023.2	10,108.7
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	9,598.9	9,684.4
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,551.7	7,626.3	7,631.1
1.2.1.2. Discount T-bills	1,463.3	1,530.9	1,755.9	1,664.9	1,482.4	1,647.3	1,522.9	1,606.7
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	414.2	449.6	446.7
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	424.3	424.3	424.3
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	8,891.2	8,871.5
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	4,112.7	4,148.3	4,143.9
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	4,112.7	4,148.3	4,143.9
2.1.2. Domestic loans	387.8	103.8	103.6	104.0	0.0	0.0	0.0	0.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	355.7	96.1	95.9	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	32.2	7.7	7.7	7.7	0.0	0.0	0.0	0.0
2.2. Government securities	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,742.9	4,727.6
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,742.9	4,727.6
2.2.1.1. Foreign currency bonds	2,066.7	2,870.0	3,320.6	3,626.1	4,245.4	4,354.0	4,742.8	4,727.6
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1
2.2.2. Issued domestically	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	11,592.4	12,744.2	14,676.7	15,576.4	18,025.4	18,942.9	19,353.2	19,419.0
Other liabilities		21.4	29.0	9.1	78.5	20.1	41.7	96.4
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	19,394.8	19,515.4
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,124.8*	*1,164.4*	*1,225.3*
Government debt adjusted with foreign currency deposits					16,620.3	17,838.3	18,230.4	18,290.1
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*7,975.8*	*8,563.9*	*9,528.4*	*10,402.9*	*10,484.0*	*9,623.3*	*9,573.6*	*9,662.1*
Gross debt/GDP	*56.0%*	*57.9%*	*61.8%*	*61.3%*	*68.4%*			

*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the year/month.

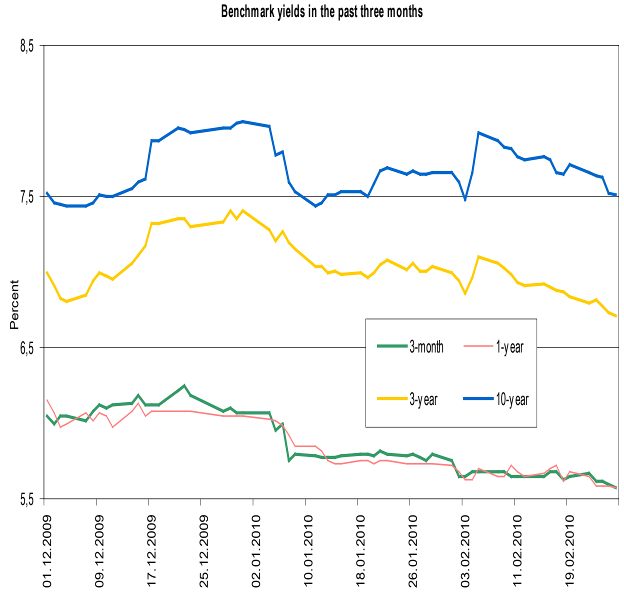
10-year Hungarian and eurozone benchmark yields during the last year



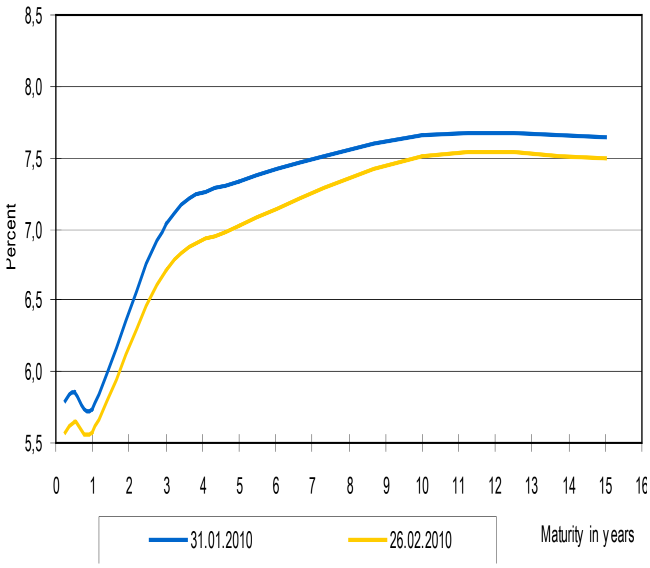
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



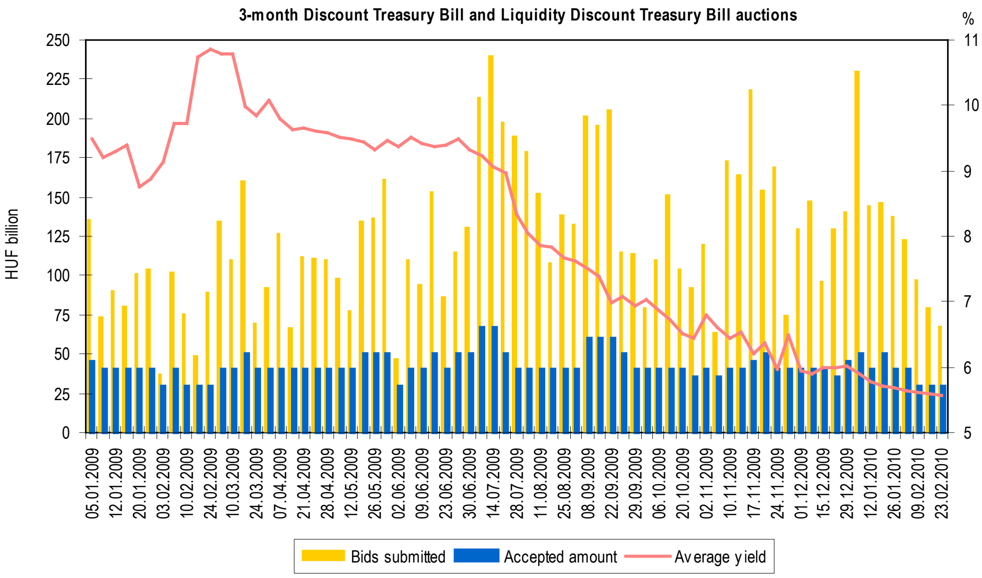
Benchmark yield curves

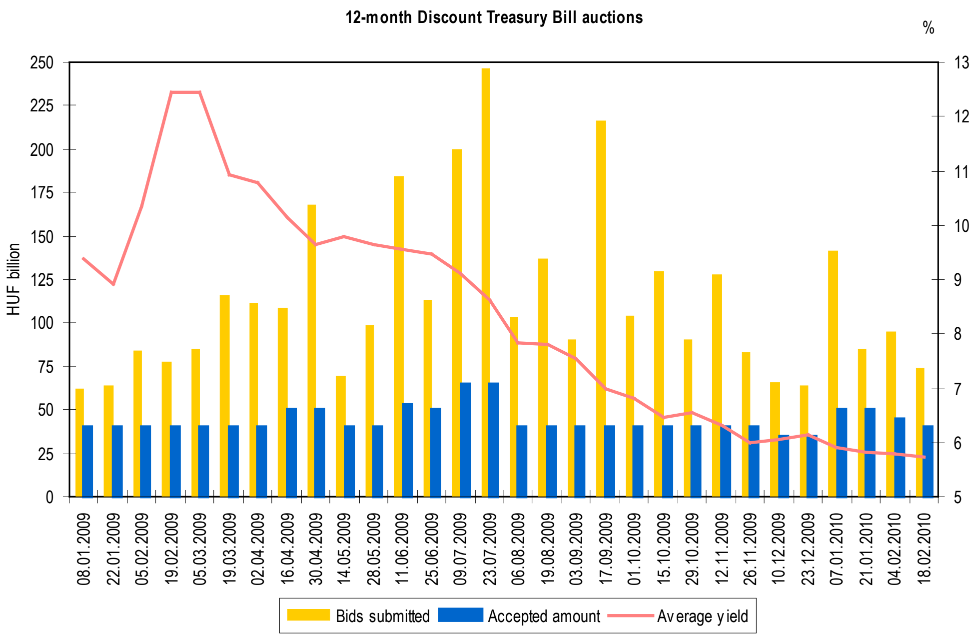


DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D100512	D100519	D100526	D100602	D110126	D110126
ISIN code	HU0000517727	HU0000517743	HU0000517750	HU0000517768	HU0000517735	HU0000517735
Maturity in days	91	91	91	91	350	336
Date of auction	02.02.2010	09.02.2010	16.02.2010	23.02.2010	04.02.2010	18.02.2010
Date of financial settlement	10.02.2010	17.02.2010	24.02.2010	03.03.2010	10.02.2010	24.02.2010
Redemption date	12.05.2010	19.05.2010	26.05.2010	02.06.2010	26.01.2011	26.01.2011
Maximum yield, (%) - ISMA	5.67	5.65	5.62	5.59	5.82	5.74
Minimum yield (%) - ISMA	5.60	5.50	5.50	5.49	5.72	5.68
Average yield (%) - ISMA	5.65	5.62	5.58	5.56	5.78	5.72
Maximum yield, (%) - EHM	5.75	5.73	5.70	5.67	5.90	5.82
Minimum yield (%) - EHM	5.68	5.58	5.58	5.57	5.80	5.76
Average yield (%) - EHM	5.73	5.70	5.66	5.64	5.86	5.80
Average selling price (%)	98.5919	98.5993	98.6091	98.6140	94.6795	94.9319
Amount offered for sale (HUF million)	40,000.00	30,000.00	30,000.00	30,000.00	50,000.00	40,000.00
Amount of bids submitted (HUF million)	123,475.67	97,154.27	79,416.00	68,274.00	94,610.00	74,229.50
Amount of bids accepted (HUF million)	39,999.96	29,999.94	29,999.96	29,999.97	44,999.98	39,999.94
Bid-to-cover ratio	3.09	3.24	2.65	2.28	2.10	1.86
Bids submitted (pcs)	120	129	123	91	134	119
Bids accepted (pcs)	44	55	69	44	67	69
Market sales* (HUF million)	39,999.96	29,999.94	29,999.96	29,999.97	44,999.98	39,999.94
Retained on ÁKK's own account	12,000.04	9,000.06	9,000.04	9,000.03	13,500.02	12,000.06
Total amount issued (HUF million)	52,000.00	39,000.00	39,000.00	39,000.00	58,500.00	52,000.00

*Without issuance onto ÁKK's own account



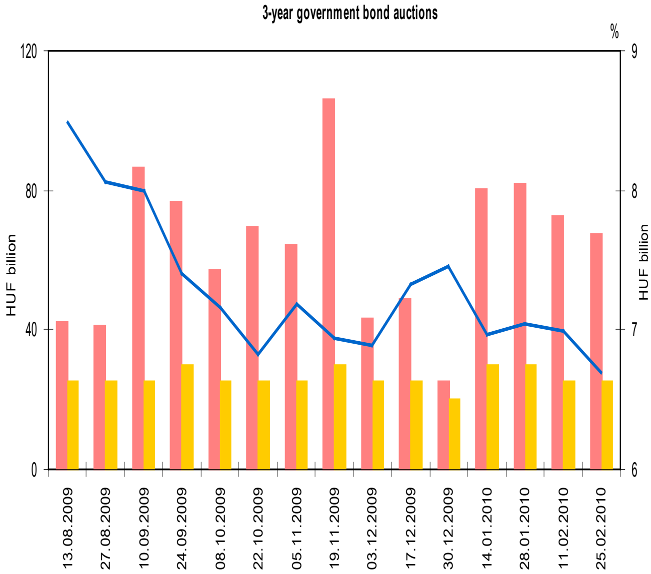


GOVERNMENT BOND AUCTION RESULTS

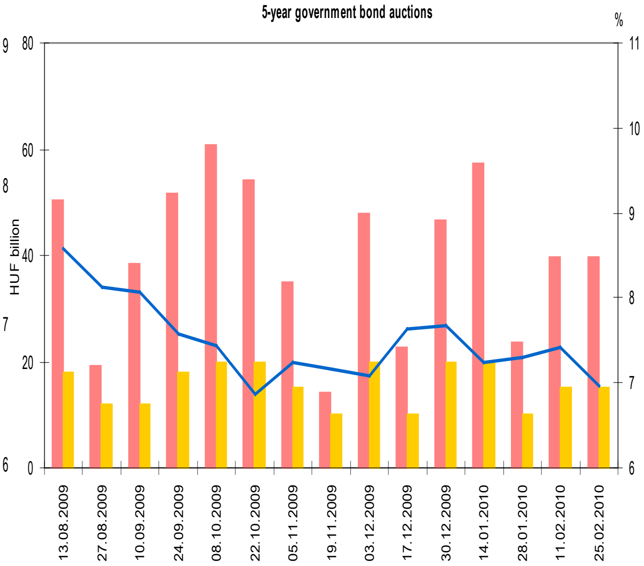
Government Bond	2013/E	2015/A	2019/A	2013/E	2015/A	2019/A
ISIN code	HU0000402466	HU0000402268	HU0000402433	HU0000402466	HU0000402268	HU0000402433
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	7.50%	8.00%	6.50%	7.50%	8.00%	6.50%
Auction	13th auction	39th auction	29th auction	14th auction	40th auction	30th auction
Date of auction	11.02.2010	11.02.2010	11.02.2010	25.02.2010	25.02.2010	25.02.2010
Date of financial settlement	17.02.2010	17.02.2010	17.02.2010	03.03.2010	03.03.2010	03.03.2010
Redemption date	24.10.2013	12.02.2015	24.06.2019	24.10.2013	12.02.2015	24.06.2019
Maximum annual yield (%) - ISMA	7.00	7.44	7.84	6.71	6.99	7.48
Minimum annual yield (%) - ISMA	6.95	7.30	7.78	6.66	6.93	7.42
Average annual yield (%) - ISMA	6.99	7.42	7.83	6.69	6.97	7.46
Maximum annual yield (%) - EHM	6.99	7.44	7.84	6.70	6.99	7.48
Minimum annual yield (%) - EHM	6.94	7.30	7.78	6.66	6.93	7.42
Average annual yield (%) - EHM	6.99	7.42	7.82	6.69	6.97	7.46
Maximum price (%)	101.6801	102.8369	91.6591	102.5856	104.3438	93.9190
Minimum price (%)	101.5203	102.2603	91.2927	102.4254	104.0928	93.5419
Average price (%)	101.5444	102.3331	91.3814	102.4748	104.1647	93.6475
Amount offered for sale (HUF million)	25,000.00	15,000.00	10,000.00	25,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	72,775.77	39,835.00	35,122.17	67,419.10	39,666.48	31,745.82
Amount of bids accepted (HUF million)	24,999.98	14,999.96	9,999.93	24,999.98	14,999.95	10,000.00
Bid-to-cover ratio	2.91	2.66	3.51	2.70	2.64	3.17
Bids submitted (pcs)	79	71	70	69	70	50
Bids accepted (pcs)	21	34	31	32	36	22
Tail (average price - minimum price)	0.02	0.07	0.09	0.05	0.07	0.11
Market sales* (HUF million)	24,999.98	14,999.96	9,999.93	24,999.98	14,999.95	10,000.00
Non-competitive offer (HUF million)	8,296.00	5,326.00	3,409.00	6,123.00	2,060.00	75.00
Total amount issued (HUF million)	25,000.00	15,000.00	10,000.00	50,000.00	15,000.00	10,000.00

*Without issuance onto ÁKK's own account

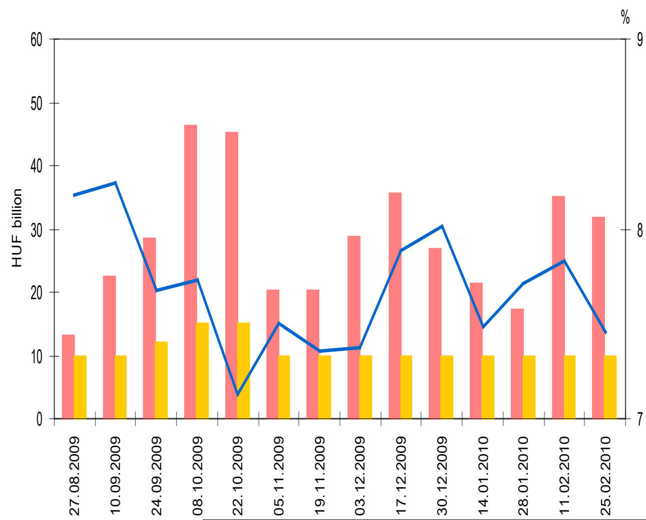
3-year government bond auctions



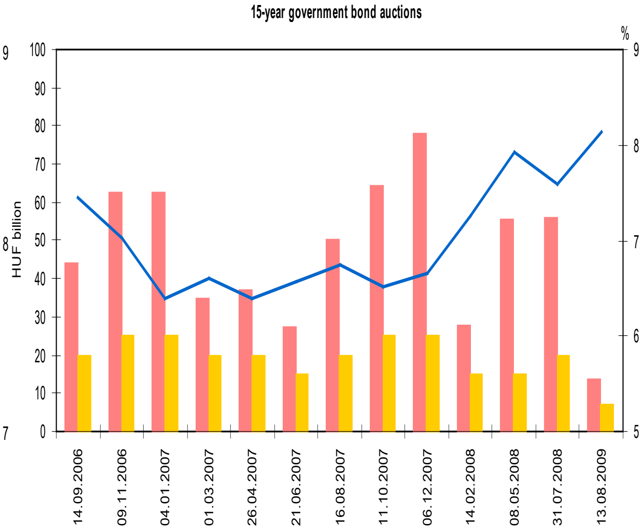
5-year government bond auctions



10-year government bond auctions



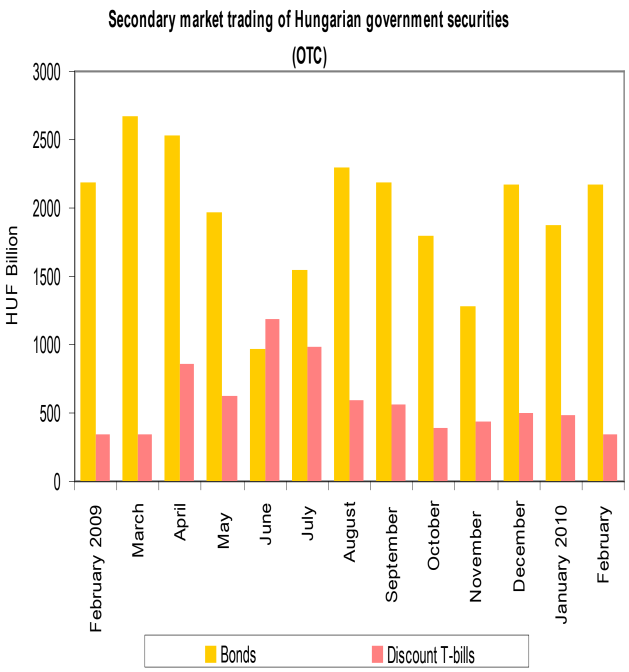
15-year government bond auctions

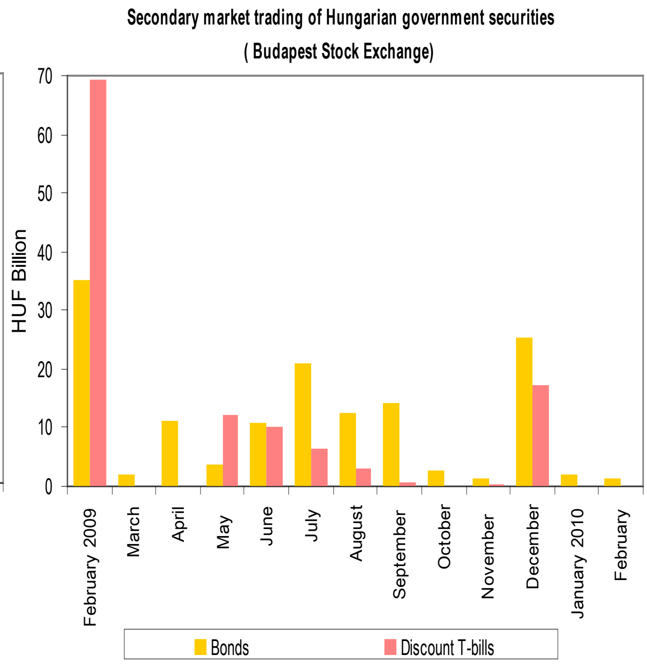


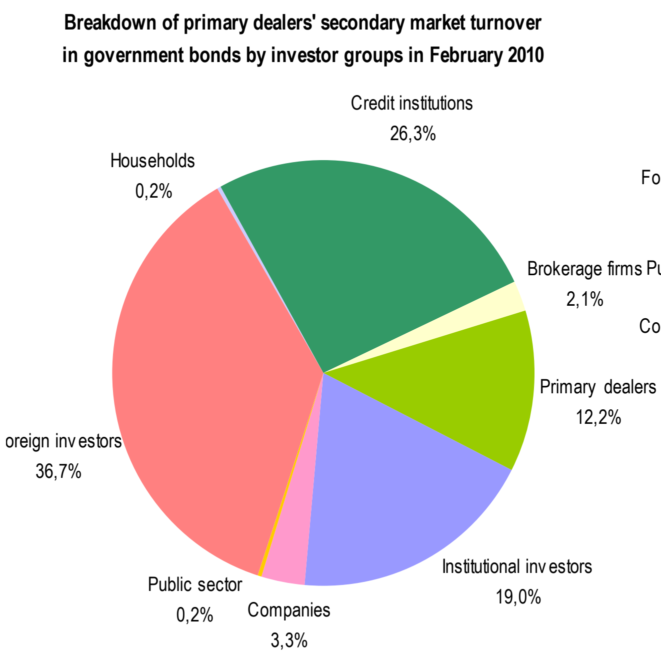
Bids submitted | Accepted amount | Average yield

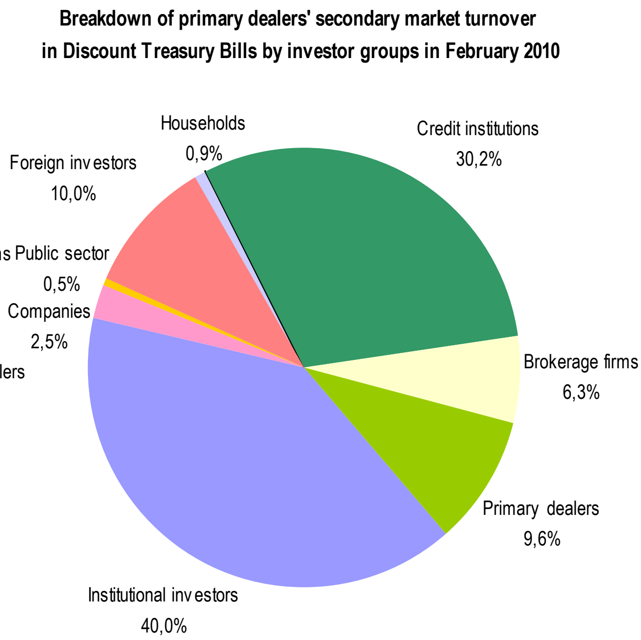
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2010/C	2010/D	2010/B	2010/D
ISIN code	HU0000402391	HU0000402409	HU0000402292	HU0000402409
Coupon (%)	6.75	6.25	6.75	6.25
Date of reverse auction	10.02.2010	10.02.2010	24.02.2010	24.02.2010
Date of financial settlement	17.02.2010	17.02.2010	03.03.2010	03.03.2010
Redemption date	12.04.2010	24.08.2010	12.10.2010	24.08.2010
Minimum annual yield (%)	5.71	5.71	5.70	5.65
Average annual yield - ISMA (%)	5.74	5.75	5.70	5.66
Average annual yield - EHM (%)	5.60	5.67	5.64	5.58
Amount of bids submitted (HUF million)	32,573.49	30,427.39	26,750.79	34,000.46
Amount of bids accepted (HUF million)	10,995.67	14,402.67	607.51	10,202.93









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN FEBRUARY 2010

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2010/A	11.02.2010	12.02.2010	12.08.2010	12.08.2010	5.68	2.86

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 28 February 2010	412.8136	412.0715	408.5935	411.1667
Changes compared to the end of the month before	5.8159	2.1697	5.0705	1.8957
Annual yield earned on the index portfolio	30.39%	11.83%	26.84%	9.19%

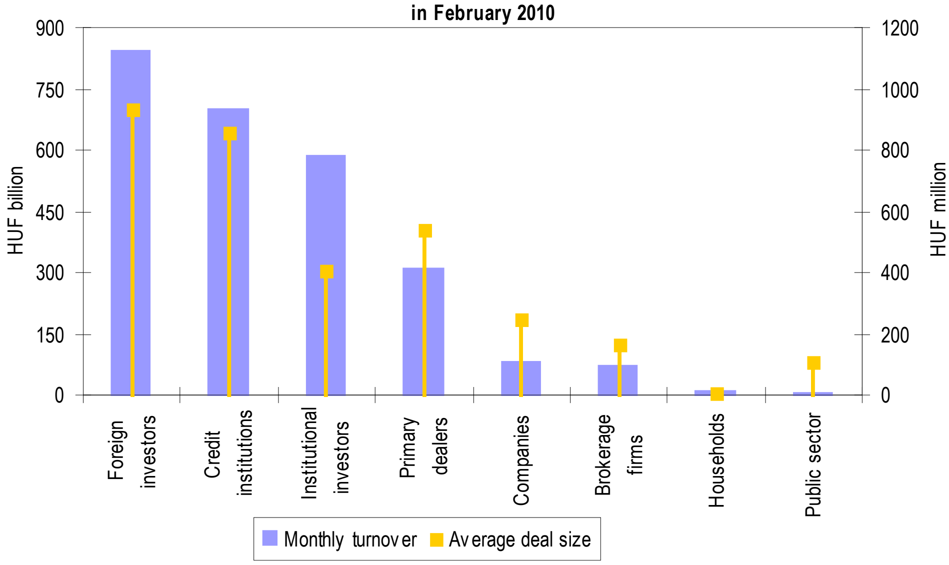
Government securities with the highest secondary market turnover in February 2010

Government security	Date of redemption	Turnover (HUF billion)
2015/A	12.02.2015	351.5
2019/A	24.06.2019	336.4
2017/B	24.02.2017	255.1
2013/E	24.10.2013	195.8
2014/C	12.02.2014	183.7
2011/C	22.04.2011	160.6
2013/D	12.02.2013	116.7
2012/C	24.10.2012	114.0
2011/B	12.10.2011	83.7
2016/C	12.02.2016	80.5

The outstanding volume of government bonds with benchmark status at the end of February 2010

	HUF billion	
Government bond	31.01.2010	26.02.2010
2013/E	336.45	407.14
2015/A	751.27	781.67
2019/A	507.26	530.59
2023/A	204.21	204.23

Primary dealers' trading with different investor groups in February 2010



Non-residents' holdings of Hungarian government securities during the last year and the MAX index